

GOVERNMENT PROGRAMS

Government programs and sub-programs reflect the activities the Government of the Republic of North Macedonia undertakes to realize the strategic priorities. These priorities are defined and included in many documents of the Government of the Republic of North Macedonia.

Resources for financing government programs are provided from budget funds, donations and loans from international financial institutions. Set government programs are harmonized with the regular activities of the Ministries, by giving priority to their financing.

Projected funds provide for implementation of the programs, continuity in realization, as well as monitoring the success in meeting the strategic priorities.

A. DECENTRALIZATION

Decentralization of the competences to local government and strengthening its capacity is one of the priorities arising from the Accession Partnership of the Republic of North Macedonia with the EU and the Framework Agreement. Since 2012, all municipalities (except for Plasnica) finance the transferred competences with block grants, hence the phased approach for transferring and managing the operating and financial resources for the transferred competences in the field of education, culture, child care and social protection, was finalized.

Competences in several sectors being transferred to the municipalities have increased both the administrative and the fiscal capacities and strengthened the capacities for managing larger amount of funds. Successful administration and collection of own revenues contribute to the process of increased own revenues of municipalities and the strengthened capacities for fund management, performance of the transferred competences and management of financial and other resources necessary for their realization. In addition, municipalities successfully administer the new competences related to managing construction land, dealing with illegally built facilities and collecting revenues.

Successful implementation of fiscal decentralization, with fully established legal and institutional framework for local government, provides for developed, responsible and functional local government units and level of local democracy, bringing the citizens closer to the local government institutions.

Progress in achieving the decentralization-related goals is assessed as successful by many international institutions, which assisted with several projects towards improvements in the system for management, control, transparency and coordination in managing local government reforms.

Program A – Decentralization is carried out through the sub-programs A0 – Decentralization and A2 – Transfer of Competences to LGUs.

Competences transferred to the municipalities are financed through the respective line ministries in the fields of education, culture, childcare and elderly care, with block grants, in line with the criteria determined with decrees adopted by the Government of the Republic of North Macedonia.

(Appendix 1: Review of Earmarked and Block Grants for Competences Transferred to Municipalities).

B. POVERTY REDUCTION MEASURES

This program includes the activities pertaining to job creation and improving the living standard of the workers. Funds provided within this program are intended for realization of active employment measures, covering different target groups facing difficulties in their inclusion on the labour market, employment of children without parents and parental care, as well as for the new Wage Increase Subsidy Project.

To the end of encouraging employment of certain categories of unemployed persons, i.e. their inclusion on and stay in the labour market, funds for active employment measures and employment policies amount to Denar 1,311million.

C. PROMOTION OF DEFENCE AND SECURITY

Objective of this program is promoting defensive and security-related activities of the Government of the Republic of North Macedonia as fully-fledged member of the NATO Alliance. Funds provided within this program are intended for equipping and modernizing the Army of the Republic of North Macedonia, which aspires to be armed force, interoperable and compatible with the other NATO member countries and to possess operational capabilities to defend the country and participate in the collective security systems of NATO and the European Union.

D. STRENGTHENING OF THE RULE OF LAW

Objective of this program is to continue the judiciary reform by implementing the strategy in the judiciary sector, implementation of government measures aimed at pursuing the fight against corruption and organized crime, as well as deepening the cooperation with the International Criminal Court.

E. ECONOMIC GROWTH

In order to intensify economic growth, as one of the main strategic priorities, and job creation, Government of the Republic of North Macedonia creates conditions for improvement of the business climate and development of the private sector. Activities within this program are implemented via

investments in the rail infrastructure, investments in the technological and industrial development zones, support to the development of small- and medium-sized enterprises, support to investments, as well as via promotion of business activities.

M. PUBLIC ADMINISTRATION REFORM

This program includes activities related to the need to strengthen public administration capacity and create an efficient state administration, able to successfully implement EU integration process. Therefore, trainings are being carried out for improvement of public administration to the end of efficient management of budget funds, efficient management of EU funds, professional development of the employees in terms of EU regulation, as well as implementation of efficient control mechanisms in managing these funds.

P. EU INTEGRATION

This program includes the activities related to the utilization of IPA funds to the end of realizing the strategic priority of the Government of the Republic of North Macedonia to start negotiations for membership of the Republic of North Macedonia in the European Union.

Financing through IPA funds is programmed and implemented through the following components:

- *Assistance for Transition and Institution Building*. This component pertains to projects in the following areas:

1. *Good Governance and the Rule of Law*: aimed at meeting the political criteria, institution building and strengthening the capacities for decentralized management of EU funds.

2. *Economic Growth and Social Cohesion*: projects in this area are aimed at improving the investment climate, strengthening the administrative capacities at central and local level in the field of fiscal policy and institution building in the field of regional policy to the end of better implementation of both the national and the regional development policies.

3. *Acquis*: projects related to EU legislation in the field of public finances, statistics, customs operations, institutional strengthening of the capacities of regulatory bodies, offices and/or inspectorates and land management.

4. *Technical Assistance*: projects aimed at supporting the project preparation (preparation of tender dossier and other project documentation).

- *Cross-Border Cooperation*: second IPA component is aimed at strengthening the cooperation between the border regions of the Republic of North Macedonia and all neighbouring countries, all to the end of ensuring and developing good neighbourhood relations, strengthening stability, security and prosperity of the mutual relations of all countries and encouraging their equal development.

- *Regional Development*: third IPA component is aimed at preparing the country for the usage of funds from the Structural Funds and Cohesion Funds allocated by the EU. Contracts in the area of road and rail infrastructure, as well as measures for protection and improvement of the environment, are financed under the Operational Program “Regional Development”.

- *Rural Development*: fifth component supports projects that will provide for attaining EU standards introduced in the field of agricultural production, food processing and rural development. Assistance through this Component is aimed at supporting projects related to investments in agriculture and processing capacities and marketing of agricultural products and fish, as well as improvement and development of rural infrastructure and farmers training.

Pre-Accession Assistance Instrument – IPA 2: Republic of North Macedonia will continue using the financial assistance from the European Commission via the Pre-Accession Assistance Instrument – IPA 2 within the new financial perspective for the period 2014-2020. This perspective covers projects which are implemented through the ministries in the following areas: reforms in preparation for EU membership and related-institution capacity building, socio-economic and regional development, employment, social policies, education, promotion of gender equality and human resources development, agriculture and rural development and regional and territorial cooperation.

Funds are projected in the 2020 Budget for implementation of two major infrastructure projects, which implementation began in the course of 2018:

- Construction of Road Section Gradsko – Interchange Drenovo as part of Road Corridor Xd,
- Rehabilitation and Upgrading of Sewerage Network in the City of Skopje.

At the same time, it is planned for new infrastructure projects in the areas of environment and transport to commence during 2020, among which the following:

- Rehabilitation and Upgrading of Sewerage Network and Construction of WWTP in the Municipality of Kicevo,
- Rehabilitation and Upgrading of Sewerage Network and Construction of WWTP in the Municipality of Bitola,
- Improving the Floods Directive Implementation (Preparation of Flood Risk Management Plans, including Implementation of Measures),
- Support in Implementation of Air Quality Directives and Horizontal Legislation,
- Rehabilitation of State Road A2, Kumanovo – Stracin Section (Phase 1)
- Reconstruction and Upgrading of the Existing Road from Prilep – Bridge on Leniska River and Construction of Third Lane of the Road Section from the Village of Belovodica – Mavrovo Quarry,
- Sustainable Urban Mobility Plan for Skopje.

In addition, funds are projected in the 2020 Budget for completion of the projects concluded at the end of 2018 for construction of courtroom in Idrizovo Prison – Skopje, reconstruction of the prison in Bitola, and adaptation and refurbishing of 11 Public Prosecutors’ Offices.

Funds are also envisaged for support to NGOs as regards strengthening the impact of the civil society in effective judiciary reforms.

Funds are projected in the 2020 Budget for financing the projects within the 2017 Annual Action Program for EU support in the areas of education, employment and social policy, via financing activities providing for equitable access to quality education at all levels and improved employability and access to the labour market when seeking for a decent job. To that end, funds are projected in the 2020 Budget for supporting the following projects:

- Direct Grant to the Employment Agency for implementing active measures on the labour market and rendering specific employment services, as well as improvement of EARNM services for young people and other harder to employ individuals
- Construction Works for Construction and Reconstruction of Public Pre-School Institutions in Rural and Urban Areas
- Ensuring Technical Assistance for Supporting Pre-School Education and Care.

Q. INFORMATION AND COMMUNICATIONS TECHNOLOGIES

This program envisages implementation of series of projects aimed at strengthening the capacities of the public administration and development of ICT in the Republic of North Macedonia. Implementation of development projects would provide for acceleration of circulation of information among the administration bodies, creation and keeping of central database for the IT Departments of the state administration, thus ensuring a solid IT basis for all horizontal programs with direct or indirect support for realization of the priorities of the Government of the Republic of North Macedonia.

R. REGIONAL DEVELOPMENT

Objective of this program is to promote equal regional development in the state, promote polycentric development model, reduce disparities among and within the planning regions, increase competitiveness of the planning regions, promote economic growth, recognize and use the innovative potential of the planning regions, keep and develop the specific identity of the planning regions, develop areas with specific development needs and revitalize the villages.

S. COVID-19 MANAGING MEASURES

This program covers the economic measures adopted by the Government of the Republic of North Macedonia to alleviate the consequences caused by COVID-19. The objective of the measures is to support the business sector, keep the jobs, maintain the social stability and help the citizens affected by the crisis. Funds are provided within this program for financial support to the legal

entities in the private sector affected by the health and economic crisis, support to all sports workers employed with the sports associations, support to independent artists, support to natural persons performing independent activity affected by the health and economic crisis, subsidizing 50% of the contributions for employees in the companies operating in the tourism, transport and hospitality sectors and other companies affected by the Coronavirus, financial support for improvement of the health capacities, vulnerable households and pecuniary allowance for those having lost their jobs, financial support for the students for promotion of digitalization and IT skills, financial support for tourism for persons with low income, domestic producers and tourist and hospitality facilities, financial support for the industry and the small- and medium-sized enterprises and funds for series of other measures adopted by the Government, aimed at keeping the jobs of the citizens and helping the business sector in conditions of Coronavirus pandemic.

U. ENVIRONMENT PROMOTION

The program includes implementation of projects in the area of environment protection and improvement, sustainable development, improvement of soil, water and air quality, protection of bio-diversity, valorization and re-valorization of natural values, protection of the ozone layer, etc. It also includes measures and activities to provide support and create conditions for protection against pollution and degradation, as well as protection against harmful effects on the media and specific environmental areas.

V. INVESTMENTS IN EDUCATION

This program is used for financing important projects in the respective area: construction and reconstruction of primary and secondary schools, reconstruction of pupils' and students' dormitories and construction of school sports facilities.

Objective of this program is to improve the respective spatial conditions in the schools, the pupils' and the students' dormitories for pursuing the pedagogical and educational process, which is of key importance for improvement of the education quality, as well as to ensure conditions for carrying out the teaching in sports and sports activities in primary and secondary schools, for the purpose of increasing the interest for sports at the young population to the end of dedicating more attention to the health of the future young generations.